

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6602

BILL NUMBER: HB 1065

NOTE PREPARED: Mar 29, 2007

BILL AMENDED: Mar 27, 2007

SUBJECT: Special Fuel Tax Exemption for Certain Biofuels.

FIRST AUTHOR: Rep. Micon

FIRST SPONSOR: Sen. Kenley

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides a Special Fuel Tax exemption for certain biofuels produced for personal, noncommercial use.

Effective Date: July 1, 2007.

Explanation of State Expenditures:

Explanation of State Revenues: This bill will preclude the State Department of Revenue from collecting the Special Fuel Tax from the producers affected by this bill.

The maximum number of gallons of Special Fuel for which an exemption may be claimed in a year is equal to: (1) 2,000 gallons; divided by (2) the average percentage volume of biodiesel in each gallon used by the claimant, with a minimum of 20%. The funds affected are: (1) the Motor Vehicle Highway Account; (2) the Highway Road and Street Account; and (3) the Local Road and Street Account.

Background Information: The Special Fuel Tax is imposed on special fuel sold or used in producing or generating power for propelling motor vehicles, except fuel that is used for non-highway purposes, used as heating oil, or used in trains. The rate of tax per gallon is \$0.16.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Department of Revenue.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: James Sperlik, 317-232-9866.